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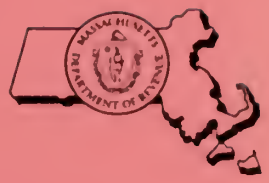

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FY99 Cherry Sheet Manual

Prepared by the Municipal Data Management and Technical Assistance Bureau, November 1998

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I. Introduction

The Division of Local Services (DLS) has developed the FY99 Cherry Sheet Manual to guide public officials, as well as private citizens and organizations interested in municipal finance, through the FY99 Cherry Sheet. We hope this guide will assist you in understanding how the programs on the Cherry Sheet work.

PURPOSE OF THE CHERRY SHEETS

Named for the cherry-colored paper on which it was originally printed, the Cherry Sheet is the official notification from the Commissioner of Revenue of the next fiscal year's state aid and assessments to cities, towns, and regional school districts.

The purpose of the Cherry Sheet is to ensure that local budgets reflect realistic estimates of the amount of revenue a municipality and regional school district will actually receive from the state during the upcoming year, as well as the amounts that will be assessed upon local governments to pay for a variety of state or sub-state programs in which they participate. The Tax Rate Recapitulation Sheet, filed by local assessors with the Division of Local Services to certify property tax rates, must reflect the receipts and charges contained on the Cherry Sheet.

HOW TO USE THE FY99 CHERRY SHEET MANUAL

This manual presents information on each of the programs that comprise the FY99 Municipal and Regional Cherry Sheets. The following features of the receipt and assessment programs that appear on the Cherry Sheet are described below. Agency refers to the state agency administering the program.

- Program Title
- Line Number on the Cherry Sheet
- Law(s) Creating/Modifying Program
- State Budget Account Number
- Agency
- Amount
- Purpose
- Distribution/Reimbursement and Assessment/Charge Formula
- Administration
- Payment Schedule

This manual is organized into six sections. Section I provides an introduction to the manual. Municipal and Regional Cherry Sheet Receipt Programs are described in Section II. Section III provides a description of Municipal and Regional Cherry Sheet Assessments. The FY99 payment schedule for the Cherry Sheet Programs can be found in Section IV. Other Cherry Sheet resources available through the Division of Local Services are listed in Section V. In

the final section, Section VI, we provide sample copies of all three Cherry Sheet forms showing the FY99 state totals.

FY99 CHERRY SHEET SUMMARY

This year DLS released the FY99 Cherry Sheets on August 3rd, two business days after the Governor signed the FY99 state budget. DLS mailed local officials copies of their Cherry Sheets printed on the traditional pink and green paper. In addition, the FY99 Cherry Sheets were available electronically through the DLS Internet World Wide Web site the day after the Governor signed the budget (see Cherry Sheet Resources in Section V of this manual).

For the seventh consecutive year, Cherry Sheet receipts increased significantly, from $3.805 billion in FY98 to $4.174 billion in FY99. This FY99 Cherry Sheet total is an increase of $368 million, or approximately 9.7 percent over the previous year. The Cherry Sheets also include estimated municipal charges totaling $211.4 million, which is an increase of $2.5 million (1.2 percent) over the FY98 total of $208.8 million. We show trends in Cherry Sheet aid by program and state totals in two tables on pages 3 and 4.

Significant features of the FY99 Cherry Sheets are:

- a $277.4 million increase in Chapter 70 Education Aid
- a $57.8 million increase in Lottery Aid

The FY99 Cherry Sheet receipt and assessment program formulas that use Equalized Valuations (EQV) reflect 1996 Equalized Valuations. Also, as specified by the FY99 state budget, the United States Census Bureau's 1996 population estimates are used in all formulas that require population estimates.

Since FY88, the Department of Revenue has implemented a provision of state law (Ch. 58, S. 18F) that allows the withholding of state aid to cities and towns that have not submitted the prior year's Schedule A to the Department of Revenue. This provision of the law will continue to be enforced. All withheld aid is distributed to the appropriate municipality once the report has been submitted and accepted by the Division of Local Services.

Cherry Sheet Estimates by Program, FY94 thru FY99
All Municipalities and Regional School Districts

	FY94	*FY95*	*FY96*	*FY97*	*FY98*	FY99	*$ Chg FY98-FY99*	*% Chg*	*$ Chg FY94-FY95*	*% Chg*
Education Aid										
Chapter 70	1,432,831,704	1,622,501,870	1,831,818,547	2,061,593,725	2,288,742,702	2,566,134,016	277,391,314	12.1	1,133,302,312	79.1
School Transportation	57,600,000	57,600,001	57,600,000	57,600,004	57,599,996	57,600,000	4	0.0	0	0.0
School Construction	158,825,602	168,591,631	174,348,518	187,466,016	211,135,705	234,572,324	23,436,619	11.1	75,746,722	47.7
Regional School Transportation	26,939,604	26,939,605	26,939,604	27,939,604	28,639,607	33,987,758	5,348,151	18.7	7,048,154	26.2
Retired Teachers' Pensions	28,000,000	34,000,000	35,500,000	35,000,000	35,000,000	35,000,000	0	0.0	7,000,000	25.0
Tuition of State Wards	0	2,485,168	3,986,947	7,508,959	16,585,422	17,082,980	497,558	3.0	17,082,980	100.0
Racial Equality	24,398,222	24,398,222	24,398,223	24,398,223	24,398,223	24,398,223	0	0.0	1	0.0
School Lunch	5,106,552	5,169,844	5,150,903	5,143,509	4,873,818	5,126,830	253,012	5.2	20,278	0.4
Other Education	0	0	0	0	0	0	0	0.0	0	0.0
Subtotal, All Education Aid	**1,733,701,684**	**1,941,686,341**	**2,159,742,742**	**2,406,650,040**	**2,666,975,473**	**2,973,902,131**	**306,926,658**	**11.5**	**1,240,200,447**	**71.5**
General Government										
Lottery	329,000,000	391,600,000	442,600,000	484,180,000	539,665,201	597,453,642	57,788,441	10.7	268,453,642	81.6
Additional Assistance	476,315,282	476,315,282	476,315,282	476,315,282	476,315,282	476,315,282	0	0.0	0	0.0
Highway Fund	43,472,110	43,472,110	43,472,110	43,472,110	43,472,110	43,472,110	0	0.0	0	0.0
Local Share of Racing Taxes	1,238,518	1,366,343	1,433,572	1,584,192	1,633,059	1,485,252	-147,807	-9.1	246,734	19.9
Regional Public Libraries	11,755,909	11,756,605	11,757,470	11,780,522	10,295,610	9,669,622	-625,988	-6.1	-2,086,287	-17.7
Police Career Incentive	11,554,162	11,500,000	11,500,000	12,660,093	17,529,397	20,460,923	2,931,526	16.7	8,906,761	77.1
Urban Renewal Projects	1,132,497	2,700,649	2,612,519	2,612,519	2,722,823	2,675,904	-46,919	-1.7	1,543,407	136.3
Veterans' Benefits	12,948,783	11,656,783	10,334,296	10,300,000	8,610,000	8,413,276	-196,724	-2.3	-4,535,507	-35.0
Exempt: Vets, Blind, & Svng Sp	4,453,584	4,462,662	4,500,000	4,500,000	8,208,220	7,885,380	-322,840	-3.9	3,431,796	77.1
Exemptions: Elderly	14,798,500	14,371,802	14,040,954	13,600,000	13,400,000	12,956,990	-443,010	-3.3	-1,841,510	-12.4
State Owned Land	6,500,000	6,500,000	6,900,000	7,900,000	10,000,000	12,000,000	2,000,000	20.0	5,500,000	84.6
Public Libraries	5,660,779	6,899,804	6,899,804	6,899,804	6,899,804	6,899,804	0	0.0	1,239,025	21.9
Other General Government	20,000,000	0	0	0	0	0	0	0.0	-20,000,000	-100.0
Subtotal, General Government	**938,830,124**	**982,602,040**	**1,032,366,007**	**1,075,804,522**	**1,138,751,506**	**1,199,688,185**	**60,936,679**	**5.4**	**260,858,061**	**27.8**
Total Estimated Receipts	**2,672,531,808**	**2,924,288,381**	**3,192,108,749**	**3,482,454,562**	**3,805,726,979**	**4,173,590,316**	**367,863,337**	**9.7**	**1,501,058,508**	**56.2**

Cherry Sheet State Aid FY91 to FY99
Massachusetts State Totals

Receipts

	Municipalities	*Regionals*	*Combined*	*Combined Percent Change*
FY91	2,341,313,232	268,625,517	2,609,938,749	-4.7
FY92	2,057,096,860	270,426,888	2,327,523,748	-10.8
FY93	2,192,530,849	295,575,733	2,488,106,582	6.9
FY94	2,349,182,790	323,349,018	2,672,531,808	7.4
FY95	2,550,609,971	373,678,410	2,924,288,381	9.4
FY96	2,793,297,553	398,811,196	3,192,108,749	9.2
FY97	3,058,604,604	423,849,958	3,482,454,562	9.1
FY98	3,353,088,201	452,638,778	3,805,726,979	9.3
FY99	3,673,491,516	500,098,800	4,173,590,316	9.7

Assessments

	Municipalities	*Regionals*	*Combined*	*Combined Percent Change*
FY91	177,680,471	142,590	177,823,061	7.1
FY92	183,125,842	140,583	183,266,425	3.1
FY93	188,463,783	138,799	188,602,582	2.9
FY94	191,949,485	136,894	192,086,379	1.8
FY95	196,140,454	101,350	196,241,804	2.2
FY96	200,890,171	69,034	200,959,205	2.4
FY97	204,195,165	148,052	204,343,217	1.7
FY98	208,821,552	120,306	208,941,858	2.3
FY99	211,357,019	262,140	211,619,159	1.3

Net State Aid (receipts minus assessments)

	Municipalities	*Regionals*	*Combined*	*Combined Percent Change*
FY91	2,163,632,761	268,482,927	2,432,115,688	-5.4
FY92	1,873,971,018	270,286,305	2,144,257,323	-11.8
FY93	2,004,067,066	295,436,934	2,299,504,000	7.2
FY94	2,157,233,305	323,212,124	2,480,445,429	7.9
FY95	2,354,469,517	373,577,060	2,728,046,577	10.0
FY96	2,592,407,382	398,742,162	2,991,149,544	9.6
FY97	2,854,409,439	423,701,906	3,278,111,345	9.6
FY98	3,144,266,649	452,518,472	3,596,785,121	9.7
FY99	3,462,134,497	499,836,660	3,961,971,157	10.2

II. Cherry Sheet Receipts

Chapter 58, Section 25A of the Massachusetts General Laws provides that the Commissioner of Revenue estimate the state's funding of local reimbursement and assistance programs as authorized by law and appropriated by the legislature. Local assessors are required to use these figures when determining the local property tax rate.

Cherry Sheet receipts appear on two forms: CS 1-ER, which notifies municipalities of estimated receipts and CS 2-ER, which notifies regional school districts of estimated receipts (and charges).

There are nineteen different receipt items listed on the Cherry Sheet. However, several of them represent more than one state budget account, each of which has a specific purpose and method of allocating funds, as described in this manual.

Generally speaking, funds are allocated either through distribution formulas or reimbursement formulas. Distribution formulas often incorporate equity factors such as property wealth, income and effort. Reimbursement formulas provide full or partial funding for program expenditures or foregone revenues.

In addition to reimbursements and distributions, it should also be noted that certain programs on forms CS 1-ER and CS 2-ER are designated as "Offset Items." These items are amounts that constitute categorical aid, i.e., funds that must be spent for specific municipal and regional school district programs.

Funds received under programs designated as "Offset Items" may be spent without appropriation in the local budget. All other receipt items on the Cherry Sheet are considered revenues of the municipality's or regional school district's general fund and may be spent for any purpose, subject to appropriation.

Chapter 70 *A-1*

Law Creating/Modifying Program:	**Ch. 70, Ch. 71, Acts of 1993**
State Budget Account Number:	**7061-0008**
Agency:	**Department of Education**
Total Amount:	**$2,566,134,016**
All Municipal:	**$2,136,158,740**
All Regional:	**$ 429,975,276**

PURPOSE: The Education Reform Act of 1993 had a substantial impact on municipal finance and in particular, on the level of local aid received by municipalities and regional school districts, hereafter referred to collectively as districts. Education Reform was undertaken in an effort to ensure both equitable and adequate funding of the Commonwealth's public schools over a seven year period.

Equity is ensured by establishing the level of local funding support each district must make to education based on its ability to pay. If not already at this level, a district's local funding target will increase annually until it equals the Gross Standard of Effort, the level of local funding that will ensure that each district is supporting education at a comparable level relative to ability to pay.

Adequacy is achieved through the establishment and attainment of a total spending target - the Foundation Budget - for each district. Through a combination of state aid and local effort, all districts are expected to reach this level in seven years.

Certain terms referenced in the descriptions below are defined in the glossary at the end of this section.

DISTRIBUTION FORMULA: Education Reform allocates Chapter 70 Aid through a formula, which is administered by the Department of Education (DOE). Generally, the formula compares a district's prior year net school spending requirement (local contribution plus state aid) to its prescribed Foundation Budget, and compares the amount of local funds supporting net school spending (local contribution) to the district's prescribed Gross Standard of Effort.

Net school spending that is less than the Foundation Budget results in a "spending gap." Under the Education Reform Act, this spending gap will be closed by FY2000 through a combination of increases in state and local funds.

Comparisons of net school spending to the Foundation Budget, and of local contribution to the Gross Standard of Effort, yield one of four possible categories for a district. These

categories determine whether a district's local contribution must increase in the next fiscal year.

Exhibit 1
Local School Spending Requirements

Gross Standard of Effort

Foundation Budget	Above	Below
Above	*Category 1* Option to Reduce to Gross Standard of Effort	*Category 2* Increase by the Municipal Revenue Growth Factor
Below	*Category 3* Reduce to Gross Standard of Effort, or FY93 local contribution, whichever is greater	*Category 4* Increase by Municipal Revenue Growth Factor and New Local Effort

Aid Calculations

A district's Chapter 70 Aid allocation is comprised of one or more of the following components.

Base Aid - Districts are guaranteed a certain base amount of aid that is increased annually by new increments in the following categories: Minimum Aid, Foundation Aid, and School Choice Aid. It is important to note that, when Education Reform was implemented in FY94, the sum of the FY93 amounts of Chapter 70, Chapter 71 (Regional School Aid), Equal Education Opportunity Grants, and Per Pupil Education Aid were consolidated into Base Aid. The FY93 amounts were a function of the old Chapter 70 formula, the "gap" formula used during the mid and late 1980's, and the percentage and per capita aid reductions that occurred between FY90 and FY92.

Foundation Aid - The amount of new Foundation Aid a district receives in any year is a function of its foundation gap. A foundation gap occurs when, based on its ability to pay, a community is unable to reach its Foundation Budget through local effort. In FY99, a district will receive Foundation Aid equal to 84.06 percent of its foundation gap.

Minimum Aid - If a district is not receiving at least $100 per pupil in Foundation Aid, the district will receive Minimum Aid so that the combined Minimum Aid and Foundation Aid amounts will total at least $100 per pupil.

Equity Aid - For those districts whose local funding (local contribution) exceeds the Gross Standard of Effort, Equity Aid is intended to allow a district to reduce its local

support for education to its Gross Standard of Effort, the level established to equalize local support for education across all districts in the Commonwealth.

The equity gap is a function of the amount of local spending that exceeds the Gross Standard. This amount is reduced by the amount of local spending in excess of the foundation. Equity Aid is subtracted from the district's minimum local contribution which decreases the level of local dollars that must be expended during the fiscal year to support education.

Overburden Aid - This aid assists low and moderate wealth communities in closing their Standard of Effort gap. A Standard of Effort gap occurs when the local contribution is less than the local contribution needed to reach the foundation budget. First, an "overburden percentage" is calculated, to determine the share of the gap to be filled by the state. If a city's or town's 1989 income per capita was below the statewide average of $17,224, the gap will be filled entirely by state aid. For a community of above-average income, the state share is determined by where the community stands relative to the statewide average "adjusted equalized valuation per pupil." The adjusted equalized valuation is a measure of a municipality's ability to pay and is calculated by multiplying its equalized valuation by the ratio of its per capita income to the statewide average per capita income. It is important to note that the amount of Overburden Aid received is considered temporary aid and is not added to next year's base aid, but is recalculated annually. As a result, decreases in Overburden Aid between years can cause total Chapter 70 aid to increase more slowly than expected or even decrease in some cases.

Adjusted EQV/Pupil Percent of Average	Overburden Percentage
under 95%	100%
between 95-120%	75-100%
over 120%	0%

The Standard of Effort gap is multiplied by the overburden percentage to arrive at a "gross overburden" figure. Overburden Aid represents the same share of this gross amount as the foundation percentage (84.06 percent in FY99).

Note that in any year in which a municipality receives an increase in local aid accounts for Lottery or Additional Assistance, Education Reform requires that 75 percent of these increases offset the amount of Overburden Aid due a district. This provision has been suspended by annual budget language since FY94.

School Choice Aid - If a district is spending below the Foundation Budget and it was a "sending" district under school choice in FY98, it will receive FY99 New Choice Aid in an amount equal to any increase in its FY98 estimated gross school choice liability, when compared to the previous year.

Charter School Aid - Beginning in FY99, no new charter aid will be included in FY99 Chapter 70 aid, and any Charter Aid distributed in FY98 and prior years has been included in FY99 base aid.

Labor Market Area (LMA) Transition Aid - In FY99, Foundation Budgets were calculated using new labor market area designations. The Legislature appropriated $8.1 million to hold districts harmless from any loss of Chapter 70 aid due to changes in the labor market areas. LMA aid is for FY99 only, and will not be included in the FY2000 base aid calculation.

ADMINISTRATION: The Education Reform formula is administered by the Department of Education. Before receiving any education aid, all districts are required to submit End-of-Year Pupil and Financial Reports to the Department. The data contained in these reports are necessary to many of the aid calculations and are used to demonstrate compliance with the spending requirements. By March 1st of each year, the Commissioner of Education must notify all districts of their minimum local contribution and Chapter 70 Aid for the following fiscal year.

A district's failure, in a given fiscal year, to spend at least 95 percent of its net school spending requirement will result in a reduction of Chapter 70 Aid in the following fiscal year.

PAYMENT SCHEDULE: Quarterly.

EDUCATION REFORM GLOSSARY

Excess Debt for FY99 A district's excess debt is an amount calculated by DOE that reduces the district's minimum contribution for that fiscal year. To derive excess debt, a district's long-term debt (net of School Building Assistance aid) is divided by its foundation enrollment. If this long-term debt per pupil exceeds the FY99 statewide average of $120 per pupil, the district qualifies for FY99 excess debt. The difference between the district's per pupil debt and the statewide average is then multiplied by the district's foundation enrollment to produce the FY99 excess debt amount. This amount reduces the district's minimum local contribution for the year.

Foundation Budget The Foundation Budget, which is determined by DOE, is a target level of spending designed to insure a quality level of education in each district. The Foundation Budget is the sum of six factors. These factors are: payroll, non-salary expenses, professional development, expanded programs, extraordinary maintenance, and books and equipment. Each of these factors is calculated using the previous year's end-of-year pupil enrollment with adjustment made for special education, bilingual and low income students. An annual adjustment is also made for inflation.

The Foundation Budget establishes spending targets by grade (pre-school, kindergarten, elementary, junior high and high school) and program (special education, bilingual, vocational and low income). Grade and program spending targets are intended to serve as guidelines only and are not binding on local school districts.

Gross Standard of Effort The Gross Standard of Effort establishes the maximum level of local financial support that a district must provide to education, although it may choose to exceed that requirement.

In FY94, the Gross Standard of Effort for each municipality was calculated by multiplying its adjusted equalized valuation by an "implicit" school tax rate of $9.40 per $1,000 of adjusted equalized valuation. Adjusted equalized valuation was used as a measure of a municipality's ability to pay and was calculated by multiplying its 1992 equalized valuation by the ratio of its per capita income to the statewide average per capita income.

Each year, the Gross Standard of Effort for each municipality is increased by that year's Municipal Revenue Growth Factor.

Local Contribution Section 262 of the FY95 state budget effectively modified the local contribution so that it is based upon required spending, rather than actual spending. If a district chooses to spend more than its minimum requirement in a given year, it is not forced to maintain that additional spending in subsequent years. This figure represents the share of required net school spending financed from local revenue.

Minimum Local Contribution A district's minimum local contribution is its local spending requirement for a given fiscal year. The minimum local contribution is the sum of its preliminary local contribution plus any additional local funds it must expend to close a Standard of Effort gap. For many districts the preliminary local contribution is calculated by increasing the prior year's local contribution by the growth factor. However,

the preliminary local contribution does take into consideration where the district falls in terms of its Foundation Budget and Gross Standard of Effort. Exhibit 1 illustrates how the preliminary local contribution changes as a function of a district's net school spending in relation to its Foundation Budget and its local contribution in relation to its Gross Standard of Effort. The minimum local contribution is reduced by the amount a district receives in Equity Aid and excess debt.

Municipal Revenue Growth Factor The Municipal Revenue Growth Factor (MRGF) is an estimate of the percentage change in FY99 revenue growth for each city and town. Calculated by the Department of Revenue's Division of Local Services (DLS), it represents the combined percentage increase in the following four revenue components:

2½ Percent Increase in the Levy Limit The first component of the formula is an automatic 2½ percent increase in the previous year's levy limit (net of overrides and debt exclusions). If a community's FY98 tax rate was not set as of early January 1998 (when the FY99 factors were calculated), DLS used an estimate of its FY98 limit.

Estimated New Property Growth Proposition 2½ allows communities to increase their limits above the standard 2½ percent, in order to reflect new building and renovation activity that has expanded the tax base. The most recent three years of new growth are averaged in terms of the percentage increase they accounted for in the previous year's limit. The maximum of these three percentages is compared to the average of the other two. If the difference exceeds two percentage points, then the maximum is considered to represent an aberration that is not expected to recur. In this case, the lowest three years out of the most recent four years are used to estimate the new growth rate of increase. This rate is applied to the FY98 levy limit in order to arrive at the estimated levy increase due to new growth in FY99.

Changes in General Revenue Sharing State Aid, FY98 to FY99 The combined change in cherry sheet estimated receipts for the Additional Assistance, State-Owned Land and Lottery accounts is required by statute to be incorporated into the factor. There has been no change in the Additional Assistance receipts since this program has been level funded in recent years. Because FY99 State-Owned Land estimates were not available until after this factor was calculated, the State- Owned Land estimate is based on the Governor's proposed budget. The Lottery portion of this component includes the entire $57.8 million FY99 Lottery Aid increase. In previous years, the state budget specifically excluded all or a portion of the Lottery Aid increase from education spending requirements.

Change in Unrestricted Local Receipts The combined change between the budgeted FY97 and the budgeted FY98 recurring general-purpose local receipts on Schedule A of the Tax Rate Recapitulation Sheet is calculated for each municipality. The revenue categories included are motor vehicle excise; other excise; penalties and interest on taxes; payments in lieu of taxes; fines and forfeits; investment income; and miscellaneous receipts. Beginning in FY98, Chapter 204 of the Acts of 1996 modified the calculation of the MRGF. In FY99, FY98 estimated receipts were compared to the FY97 estimated receipts on the Tax Recapitulation Sheet.

Net School Spending "Net school spending" is the amount a district spends in a given year for the support of public education including certain expenditures made by a municipality on behalf of its local school district. Net school spending does not include expenditures for certain classes of long-term debt service, school lunches, community services, fixed assets or student transportation. It also does "not include tuition revenue from activity, admission, other charges or any other revenue attributable to public education."

Each district reports its estimated net school spending to the Department of Education on Schedule 19 of the End-of-Year Pupil and Financial Report.

Net School Spending Requirement The net school spending requirement in FY99 is the sum of a district's minimum local contribution and its FY99 Chapter 70 Aid. Municipalities and regional school districts must appropriate funds sufficient to meet the net school spending requirement. Over and above the net school spending requirement, funds need to be appropriated to support costs of student transportation, fixed assets, long term debt service and other costs not eligible to meet the net school spending requirement. Detailed definitions of those costs that qualify as net school spending can be found in Regulations for School Finance: Student and Financial Accounting, Reporting and Documentation Requirements (603 CMR 10.00) issued by the Massachusetts Department of Education.

Section 126 of Chapter 194 of the Acts of 1998, limits the net school spending requirement for regional vocational districts to 150 percent of the foundation budget. When the net school spending requirement exceeds 150 percent of the foundation budget, the required local contributions of the member town are reduced proportionately. Any reduction is applied to any below foundation districts to which the municipality belongs.

Standard of Effort The Standard of Effort is the amount of local contribution needed to reach the Foundation Budget or the Gross Standard of Effort, whichever is less.

School Transportation Programs	*A-2*

Law(s) Creating/Modifying Program:	**Ch. 71 §§7A, 7B, 37D, Ch. 71A, §8, Ch. 71B, §14, Ch. 74, §8A**
State Budget Account Number:	**7035-0004**
Agency:	**Department of Education**
Total Amount:	**$57,703,296**
All Municipal:	**$55,602,603**
All Regional:	**$ 2,100,693**

PURPOSE: To reimburse all or part of the costs, subject to appropriation, incurred by a municipality or regional school district for pupil transportation.

REIMBURSEMENT FORMULAS:

Pupil Transportation - Ch. 71, §7A:
The Department of Education calculates a per rider rate for public school transportation and private school transportation. The state reimburses based on the lower of the two rates for pupil transportation provided that:

a) the pupil resides at least 1½ miles from school as measured by a common route
b) the contract for transporting pupils is awarded to the lowest bidder except where the lowest bidder is unacceptable to the school committee (the committee must show justification).

School Transportation - Ch. 71, §7B:
Provides for the partial reimbursement of the cost not reimbursable under Section 7A incurred by a school district for the transportation of pupils to and from school on mass public transit. Aid is limited to the direct costs of transportation, the indirect cost of maintaining public transit services, or 20 cents per day per rider, whichever is less. Riders must live at least 1½ miles from school for their transportation costs to be eligible for reimbursement.

Racial Imbalance Transportation - Ch. 71, §37D:
Reimburses the cost of transporting pupils for the purpose of achieving racial balance.

Bilingual and Special Needs Transportation - Ch. 71A, §8 and Ch. 71B, §14:
Reimburses municipalities for costs incurred for the transportation of bilingual and special needs pupils to and from schools. The reimbursement of a district's bilingual and special needs per rider costs will equal the local cost for a regular rider, plus the difference

between that cost and the special or bilingual cost, provided that the difference does not exceed 110 percent of the state average difference.

Outside Vocational School Transportation - Ch. 74, §8A:
Reimburses 50 percent of the cost of transporting pupils to occupational programs outside the school district.

Ch. 71, §7A, §7B, and §16C reimburse school districts for 100 percent of non-public school transportation.

ADMINISTRATION: The FY99 reimbursement is for costs incurred in the 1997-1998 school year. The Department of Education calculates pupil transportation reimbursements according to the above formulas based on figures provided by school districts in End-of-Year Pupil and Financial Reports. The Department of Education certifies to the Comptroller the amounts to be reimbursed to each municipality and regional school district.

Funds under Ch. 71, §7A are reimbursed to municipalities only; both municipalities and regional school districts receive funds under the other programs. Regional school districts are reimbursed for transportation costs under Ch. 71, §16C; see Regional Receipt Item Number A-4.

Of the $57,703,296 appearing on the FY99 Cherry Sheet, $103,296 is attributable to the Regional School Transportation program (Ch. 71, §16C) which is paid to two municipalities.

PAYMENT SCHEDULE: Annually, after filing.

School Construction *A-3*

Law(s) Creating/Modifying Program:	**Ch. 645, Acts of 1948, Ch. 511, Acts of 1976, Ch. 746, Acts of 1987, Ch. 232, Acts of 1989, Ch. 150, Acts of 1990, Ch. 133, Acts of 1992**
State Budget Account Number:	**7052-0003** **7052-0004** **7052-0005** **7052-0006** **7052-0007**
Agency:	**Department of Education**
Total Amount:	**$234,572,324**
All Municipal:	**$205,228,601**
All Regional:	**$ 29,343,723**

PURPOSE: To provide financial assistance to municipalities and regional school districts to plan and construct school buildings. Projects include new buildings, additions, renovations, and major building repair projects.

REIMBURSEMENT FORMULA: Any municipality or regional school district may apply for a school construction grant to cover part of the cost of an approved school project. Total grants are between 50 percent and 90 percent of costs. Each municipality's level of reimbursement is specified by statute. However, reimbursement for all projects to reduce or eliminate racial imbalance is 90 percent . The level of reimbursement for regional school districts is calculated by multiplying the capital assessment ratio for each member municipality (as established by regional agreement) by the grant percentage as specified by statute and summing the results. The number of payments received by the grant recipient is equal to the number of years for which indebtedness is incurred to finance the project, but not less than five or more than twenty years.

ADMINISTRATION: Municipalities and regional school districts file capital project applications with the School Governance/Building Assistance Cluster of the Department of Education. Then, each June all completed applications are reviewed, and those that are accepted are prioritized according to criteria established by the state legislature. The ranked projects are submitted to the Board of Education at its monthly meeting to establish the order of project approval in the next fiscal year.

The School Building Assistance (SBA) project priority formula was outlined in recent amendments to the SBA Act. The priority list begins with special projects (if there are any), followed by the category 1, category 2 and category 3 projects. The category 1

projects are designed to correct racial imbalance. Category 2 projects either relieve or prevent overcrowded conditions or make necessary repairs in an effort to mitigate accreditation issues. The last category of projects, category 3, are projects designed to improve facilities and programs and possibly extend the life of school buildings. It is important to note that since FY91, each year's state budget has maintained the order and priority of projects on the prior year's annual list for categories 2 and 3.

Each fiscal year, the legislature approves the annual SBA authorization, which allows the Board of Education to approve grants during the year. The legislature agrees to fund these grants in the following fiscal year from the *All Other First Annual Payments* account. Grants for desegregation projects are funded from the category 1 *First Annual Payments for Desegregation Projects* account. The *Ongoing Payments* account provides for all second and subsequent payments of approved school construction grants. The *Other Reimbursable Costs* account provides for other construction related activities including: reimbursement for leases for vocational space and capital costs associated with a buy-in to a regional school district.

The account numbers are for the following payments:

7052-0003	*First Annual Payments for Desegregation Projects*
7052-0004	*All Other First Annual Payments*
7052-0005	*Ongoing Payments*
7052-0006	*Other Reimbursable Costs*
7052-0007	*Safety Projects*

Chapter 194, §241 of the Acts of 1998 (FY99 State Budget) amends Chapter 645 and requires districts to spend at least 50 percent of the foundation budget allotment for ordinary maintenance (including utility costs) and extraordinary maintenance to be eligible for future SBA project approvals and payments. The Board of Education and the Division of Local Services (DLS) will administer jointly a waiver process for unanticipated or extraordinary changes in maintenance spending. Criteria for the waiver will include, but not be limited to, the impact on spending due to the opening of a new school building, the closing of an existing school building or the completion of a major renovation project.

Note that the *Safety Projects* account is included in the state budget but the payments are not on the Cherry Sheets, as they are for one-time and emergency situations that occur during the fiscal year.

The FY99 state budget (Ch. 194, §242) extended this program's authorization through FY2003. The Department of Education certifies to the Comptroller the amounts to be provided.

PAYMENT SCHEDULE: Payments are made annually for each project, during the quarter in which the project's construction started. Municipalities must submit evidence that a project has started in order to receive the first annual payment. The first annual payment is made in the next fiscal year after the project has started. The final grant payment is made only after both the project and the project audit are completed.

Retired Teachers' Pensions	*A-4*

Law Creating/Modifying Program:	**Ch. 32, §(2) (C)**
State Budget Account Number:	**0612-1010**
Agency:	**Teachers' Retirement Board**
Total Amount:	**$35,000,000**

PURPOSE: To reimburse the City of Boston for the cost of paying pensions to retired teachers not covered by the state teachers' retirement system. (All other teachers are covered by the state teachers' retirement system.)

REIMBURSEMENT FORMULA: The City of Boston is reimbursed 97 percent of contributory pension and 100 percent of non-contributory pension expenses for FY99.

ADMINISTRATION: The Boston Retirement Board certifies the pensions to be paid to the State Teachers' Retirement Board. The State Teachers' Retirement Board certifies to the Comptroller the reimbursement to the City of Boston.

PAYMENT SCHEDULE: Annually, September.

Regional School Transportation *(Regional) A-4*

Law(s) Creating/Modifying Program: **Ch. 71, §16C**

State Budget Account Number: **7035-0006**

Agency: **Department of Education**

Total Amount: **$29,343,723**

PURPOSE: To reimburse the cost of regional school transportation.

REIMBURSEMENT FORMULA: The state reimburses a portion of the cost of regional school transportation. Costs eligible for reimbursement are limited to those incurred in transporting pupils who live at least 1½ miles from school.

ADMINISTRATION: Reimbursement during any fiscal year is for costs incurred in the prior school year. The Department of Education calculates pupil transportation reimbursements based on figures provided by school districts in End-of-Year Pupil and Financial Reports. The Department of Education certifies to the Comptroller the amounts to be reimbursed to each regional school district.

PAYMENT SCHEDULE: Annually, after filing.

Tuition of State Wards *A-5*

Law(s) Creating/Modifying Program: **Ch. 76, §7-9, Ch. 745 §7A, Ch. 71, §71f, Ch. 60, Acts of 1994**

State Budget Account Number: **7061-0009**

Agency: **Department of Education**

Total Amount: **$17,082,980**
All Municipal: **$13,900,098**
All Regional: **$ 3,182,882**

PURPOSE: To reimburse cities, towns and regional school districts for the cost of public elementary or high school tuition of state wards. State wards are pupils who reside in foster or group care under the jurisdiction of the Department of Social Services. The FY98 payment was made in August of 1998. The FY99 payment will be made in June of 1999.

REIMBURSEMENT FORMULA: Entitlements are based upon the average costs for instruction, administration, maintenance, fixed charges, principals, audio-visual services, and other pupil services in the pupil's grade range and program type. The FY98 appropriation covered 97.78 percent of the cost of educating state wards during FY96. The FY99 appropriation is projected to cover approximately 100 percent of the costs.

It is important to note that for districts that do not account for these tuition receipts in a revolving fund, they will be considered school revenues by the Department of Education when determining compliance with net school spending. To determine net school spending in FY99, the Department of Education will reduce reported FY99 net school spending by the FY98 actual reimbursement for the tuition of state wards (paid in August of 1998) rather than the FY99 cherry sheet estimate.

ADMINISTRATION: Superintendents submit claims for FTE average membership in the prior school year to the Department of Education. The Department of Education verifies these claims with Department of Social Services data.

PAYMENT SCHEDULE: Annually, 4th Quarter.

Racial Equality *A-6*

Law Creating/Modifying Program: **Ch. 76, §12A, Ch. 71, §37I & J, Ch. 15, §1I**

Agency: **Department of Education**

Total Amount: **$24,398,223**
All Municipal: **$23,487,381**
All Regional: **$ 910,842**

PAYMENT SCHEDULE: Quarterly, after filing as follows: (1) grant application form and budget form to receive the first payment and (2) request for funds forms to receive the last three quarterly payments.

This Municipal and Regional Cherry Sheet Receipt Item is comprised of three accounts: Racial Imbalance, Magnet Education and Equal Education Improvement.

RACIAL IMBALANCE (METCO)

Budget Account Number: **7010-0012**

Total Amount: **$11,150,223**
All Municipal: **$10,239,381**
All Regional: **$ 910,842**

PURPOSE: To reduce or eliminate racial imbalance by providing minority children from racially imbalanced schools in Boston and Springfield an option to attend schools in another municipality or regional school district.

REIMBURSEMENT FORMULA: The receiving school district is reimbursed for its actual and specifically documented incremental instructional costs, special education instructional and evaluation costs, and transportation costs incurred as a direct consequence of program participation. The Board of Education approves grant payments subject to appropriation.

ADMINISTRATION: The school committee of any municipality or regional school district may adopt a plan for attendance at its schools by any child who lives in another municipality or regional school district in which racial imbalance exists in a public school. Such a plan must be filed with the Board of Education for adoption by the Board.

Each year, school districts must submit a grant application form and budget for this program to the Department of Education.

The Department of Education certifies to the Comptroller the amounts to be paid to municipalities and regional school districts.

MAGNET EDUCATION

Budget Account Number: **7010-0042**

Total Amount: **$4,800,000**

PURPOSE: To provide magnet school facilities and magnet educational programs to reduce or eliminate racial imbalance.

REIMBURSEMENT FORMULA: Any municipality adopting a plan to racially balance its schools may request, and the Board of Education may approve a grant, subject to appropriation, to cover the following costs incurred in the provision of magnet programs:

- the average per pupil costs of such schools over and above the average per pupil expenditure for other schools in the district, provided the payments do not exceed $300 per pupil served.
- the cost of transporting each pupil to the magnet facility.
- up to 75 percent of the cost of planning, constructing, and improving such a facility.
- other incidental costs in the provision of magnet facilities that the Board of Education approves.

ADMINISTRATION: School districts implementing a racial balance plan approved by the Board of Education and operating magnet schools are eligible to receive payments under this program. Each year, school districts must submit a grant application form and budget for this program to the Department of Education.

The Department of Education certifies to the Comptroller the amounts to be paid to municipalities.

EQUAL EDUCATION IMPROVEMENT

Budget Account Number: **7010-0043**

Total Amount: **$8,448,000**

PURPOSE: To improve the quality of education in municipalities transferring pupils to eliminate racial imbalance, subject to certain funding priorities established by the Board of Education.

REIMBURSEMENT FORMULA: The qualifying school district receives, subject to appropriation, payments not to exceed $500 per pupil transferred for the purpose of racially balancing schools.

ADMINISTRATION: The Board of Education designates and administers a separate Equal Education Improvement Fund for each school district implementing an approved racial balance plan. Each year, school districts must submit a grant application form and budget for this program to the Department of Education.

The Department of Education certifies to the Comptroller the amounts to be paid to municipalities.

School Lunch	*A-7*

Law Creating/Modifying Program: **Ch. 871, Acts of 1970**

State Budget Account Number: **7053-1909**

Agency: **Department of Education**

Amount: **$5,126,830**
All Municipal: **$4,425,908**
All Regional: **$ 700,922**

PURPOSE: To reimburse part of the cost incurred in serving lunches to school children.

REIMBURSEMENT FORMULA: The cost of meals served is partially reimbursed to the extent funds are appropriated. Reimbursement is intended to supplement federal and local support.

ADMINISTRATION: The School Lunch program is administered by the Massachusetts Department of Education's Nutrition Programs and Services. To participate, municipalities and regional school districts enter into an agreement with the Department of Education to conduct the program under the guidelines established in the National School Lunch Act.

All participating municipalities and regional school districts are required to submit reimbursement claims (Form FP-6) monthly to the Department of Education. The Department then approves the reimbursement amounts and submits payment vouchers to the Comptroller. These payments partially reimburse municipalities and regional school districts for lunches served to children under the National School Lunch Program.

PAYMENT SCHEDULE: Monthly.

Lottery, Beano, and Charity Games	*B-1*

Law Creating/Modifying Program:	**subject to annual budgetary language**
State Budget Account Number:	**0640-2001**
Agency:	**Lottery Commission**
Total Amount:	**$597,453,642**

PURPOSE: To provide general purpose financial assistance to municipalities on an equalizing basis.

DISTRIBUTION FORMULA: In FY99, the Governor and the Legislature continued the phasing out of the "Lottery cap" and authorized a FY99 Lottery Aid distribution of $597.5 million, an increase of $57.8 million over the prior year cherry sheet estimate.

The Lottery formula was used in FY99 to distribute the Lottery Aid in excess of the prior fiscal year's allocation.

The Lottery formula is equalizing, with municipalities with lower property values receiving proportionately more aid than those with greater property values. The formula is based on population and Equalized Property Valuation.

The formula is as follows:

$$\text{Municipality's Aid} = \left[\frac{E_s}{E_m}\right] * \$10 * P_m * K$$

E_s = Equalized Valuation per capita of the state
E_m = Equalized Valuation per capita of the municipality
P_m = Population of the municipality
K = Pro-ration factor

The pro-ration factor adjusts the formula according to the net Lottery receipts available. The formula is normally applied only to the new Lottery Aid, that is the amount above what was distributed the previous year.

ADMINISTRATION: The Lottery distribution is funded through a transfer of funds and not by appropriation, although the total amount of the annual distribution is stipulated in Section 3 of the annual state budget.

The Division of Local Services certifies to the Comptroller the amounts to be distributed to municipalities.

Supplemental lottery distributions of excess prior year's lottery receipts were paid in the amounts of $45.3 million in FY98 and $62.8 million in FY99. These amounts were not included on the cherry sheet in those years as they were part of supplemental budgets approved after the adoption of the annual budget.

No local action is needed to receive Lottery funds.

PAYMENT SCHEDULE: Quarterly.

Additional Assistance *B-2*

Law(s) Creating/Modifying Program: **Annual state budgets**

State Budget Account Number: **0611-5500**

Agency: **Executive Office of Administration and Finance**

Amount: **$476,315,282**

PURPOSE: To provide unrestricted aid to municipalities.

DISTRIBUTION FORMULA: The Additional Assistance program currently provides aid to 159 communities. Since FY92, these aid amounts have been level funded. These aid amounts cannot be attributed to any one formula or factor, but rather are the combined legacy of the following factors.

- Before the Education Reform Act of 1993 was passed, the Additional Assistance account and the "old" Chapter 70 School Aid account made up a category of aid called Resolution Aid. During the mid and late 1980's, cities and towns were guaranteed their previous year's Resolution Aid as a base for the upcoming year's calculation. In addition to this base amount, a needs-based formula, which was calculated from a community's ability to pay for an average level of local services, was applied to determine the increase in Resolution Aid funding for that year.

- Once the total amount of Resolution Aid was determined by the needs-based formula, it was allocated between Chapter 70 School Aid and Additional Assistance using the Chapter 70 School Aid formula in statute at that time. The total amount of Resolution Aid, minus the Chapter 70 School Aid, equaled that year's Additional Assistance.

- The Additional Assistance program was further impacted by the state budget cuts of the early 1990's. The program's funding went from $765 million in FY89 to $476 million in FY92. The reduction in Additional Assistance funding came in two rounds of budget cuts. The first round of cuts occurred in FY91 and resulted in a flat four percent reduction in every community's Additional Assistance. The second round of cuts occurred in FY92 when a combination of a $27 per capita and a 13 percent reduction in funding resulted in a $345 million decrease in Resolution Aid. Most of the FY92 reduction in Resolution Aid funding was taken from the Additional Assistance account. As a result of this second round of cuts, many communities' Additional Assistance allocation dropped to zero.

ADMINISTRATION: The Additional Assistance allocation is contained in Section 3 of the annual state budget.

The Division of Local Services certifies to the Comptroller the amounts to be distributed to municipalities.

PAYMENT SCHEDULE: Quarterly.

Highway Fund *B-3*

Law Creating/Modifying Program: **Ch. 81, §31, Ch. 577, §8, Acts of 1980**

State Budget Account Number: **6005-0017**

Agency: **Massachusetts Highway Department**

Total Amount: **$43,472,110**

PURPOSE: To reimburse municipalities for costs incurred in the construction, maintenance, and policing of local streets and roads.

DISTRIBUTION FORMULA: The Highway Fund formula is based on the number of motor vehicle registrations, road miles, and Equalized Valuations. Reimbursements are made according to the following formula:

Basic Highway Allowance = $400
Road Use Allowance = 7 x Registrations/Miles
Equalizing Deduction = .0001 x Equalized Value/Miles

$$\text{Municipality's Aid} = \left[\$400 + \left[7 * \left[\frac{R_m}{M_m} \right] \right] - \left[.0001 * \left[\frac{E_m}{M_m} \right] \right] \right] * M_m$$

R_m = Number of local registrations
M_m = Number of local road miles
E_m = Equalized Valuation of the municipality

The formula was last run in FY89. In recent years, annual budget language has stipulated that the proposed distribution should be proportional to the previous year's distribution.

ADMINISTRATION: All Highway Fund distributions are made from the motor vehicle fuels excise. Each gallon of gasoline sold in the state is taxed at 10 percent of its wholesale price per gallon (recalculated every 3 months) or a minimum of $.21 per gallon. Of the total amount collected, 7½ percent is dedicated to Highway Fund reimbursements.

Payment is on a quarterly basis. Payments are contingent upon local submission of form HED-077, which certifies appropriations for highway related expenses to the Massachusetts Highway Department.

After receiving the HED-077 data provided by the Massachusetts Highway Department, the Division of Local Services checks to ensure that a municipality's total distribution does not exceed its expenditures. The Division of Local Services then certifies the amount due to the Comptroller before each distribution.

PAYMENT SCHEDULE: Quarterly, after filing.

Local Share of Racing Taxes *B-4*

Law(s) Creating/Modifying Program:	**Ch. 558, Acts of 1981, Ch. 549, Acts of 1982, Ch. 110, Acts of 1993**
State Budget Account Number:	**0611-5800**
Agency:	**State Racing Commission**
Total Amount:	**$ 1,485,252**

PURPOSE: To return a portion of the taxes collected from race tracks to those municipalities where horse or dog tracks or certain county fairs are located.

DISTRIBUTION FORMULA: The "handle" equals the total amount of all wagers made. One quarter (¼) of 1 percent of the handle (not to exceed 3 percent of each municipality's levy limit) is distributed to municipalities in which racing tracks are located. For race tracks located in two municipalities the distribution is divided between the two municipalities as follows: 2/3 to the municipality with largest portion of track, 1/3 to the other municipality.

In FY99, municipalities are receiving each quarterly distribution based on quarterly Calendar Year 1998 collections. For example, the September FY99 distribution is based on collections from January 1, 1998 through March 31, 1998.

ADMINISTRATION: The Racing Commission certifies to the Treasurer the amounts to be distributed.

PAYMENT SCHEDULE: Quarterly.

Regional Public Libraries	*B-5*

Law(s) Creating/Modifying Program: **Ch. 78, §19C, Ch. 43, §75-78, Acts of 1997**

State Budget Account Number: **7000-9401**

Agency: **Board of Library Commissioners**

Total Amount: **$9,669,622**

PURPOSE: To support a statewide program of supplemental services for libraries of all types (public, school, colleges/universities, also special libraries in non-profit organizations and corporations) in order to provide users with materials and information otherwise unavailable locally. Services include interlibrary loan, reference referral, delivery of materials, continuing education, technical assistance, database access, and bookmobile service.

DISTRIBUTION FORMULA: The FY99 state budget stipulates that the Boston Public Library, as the "library of last recourse," will receive an amount equal to $.9635 per resident of the state.

The allocation for each regional system is then calculated by applying the following rates based on population per square mile in each region:

Over 1,000 per square mile:	$1.60	750-999 per square mile:	$1.75
500-749 per square mile:	$2.07	Under 500 per square mile:	$2.26

The amount of funding for each library that contracts to provide regional service is determined by the annual budget and plan of service recommended by each region's advisory council and approved by the Board of Library Commissioners. If appropriated funds are insufficient to fully fund the formula grants, the initial grants are prorated, unless the Board reallocates the total appropriation.

ADMINISTRATION: The Board of Library Commissioners contracts with libraries it has identified as appropriate providers of regional service. Services are specified in contracts, annual budgets, and plans of service. The Board of Library Commissioners certifies to the Comptroller the amount of aid to be provided to each municipality.

PAYMENT SCHEDULE: Each contract determines whether libraries are reimbursed upon receipt of expenditure reports on a monthly basis or paid through advance payments on a quarterly basis.

Police Career Incentive *B-6*

Law(s) Creating/Modifying Program:	**Ch. 41, §108L, Ch. 835 Acts of 1970, Ch. 369, §1-2 Acts of 1973, Ch. 452, §1-3 Acts of 1975, Ch. 283, §38, Acts of 1976**
State Budget Account Number:	**8000-0040**
Agency:	**Massachusetts Board of Higher Education, Executive Office of Public Safety**
Total Amount:	**$20,460,923**

PURPOSE: To encourage police officers in participating municipalities to earn degrees in law enforcement and criminal justice and to provide educational incentives through salary increases.

REIMBURSEMENT FORMULA: The Massachusetts Board of Higher Education annually certifies police officers for Associate's, Bachelor's, or Master's degrees. Such officers are eligible to receive 10 percent , 20 percent , or 25 percent base salary pay increases. The participating municipalities pay each officer 100 percent of Incentive Pay each year the officer remains on the force, and are subsequently reimbursed a proportion of these expenses. The enabling legislation for this program specified that reimbursement should equal 50 percent of the added annual salary costs (based on the incremental increase in the salaries of officers that have attained degrees) incurred by participating police departments. If the annual costs exceed the budgeted appropriation, expenses are reimbursed to the extent that the appropriations permit, on a prorated basis.

ADMINISTRATION: Participating police officers submit certificates of college completion to the Massachusetts Board of Higher Education, which certifies career incentive salary increases. The Board of Higher Education notifies police chiefs of the academic status attained by participating officers. The police chief in each participating municipality certifies by each September 1 to the Board of Higher Education the added base salaries paid as a result of the program during the preceding year. The Executive Office of Public Safety determines the amount of reimbursement due to the municipality based on the total appropriation and certifies to the Comptroller the amounts to be reimbursed.

PAYMENT SCHEDULE: Annually, January.

Urban Renewal Projects	*B-7*

Law Creating/Modifying Program: **Ch. 121B, §53-57**

Agency: **Department of Housing and Community Development**

Total Amount: **$2,675,904**

ADMINISTRATION: The Department of Housing and Community Development (formerly EOCD) administers three different accounts under the Urban Renewal Program.

Municipalities receive reimbursement for federally-aided projects and non-federally aided projects approved by the Department of Housing and Community Development and in the implementation phase. The reimbursements are payable over a 20 year period.

The Department of Housing and Community Development sends payment vouchers to local treasurers who complete and return them for processing.

PAYMENT SCHEDULE: One half of the payment in December and one half of the payment in June.

This Municipal Cherry Sheet Receipt Item is comprised of these three accounts: Federally Aided Urban Renewal, Non-Federally Aided Urban Renewal and Urban Revitalization Development Grants.

FEDERALLY-AIDED URBAN RENEWAL

State Budget Account Number: **7004-9101**

Total Amount: **$95,954**

PURPOSE: To meet part of the local cost of federally-aided renewal projects.

REIMBURSEMENT FORMULA: The Department of Housing and Community Development reimburses localities for one-third of the net project cost. Grants cannot exceed $3.5 million per year. No new projects will be funded, as this program has reached its total funding capacity of $70 million.

NON-FEDERALLY AIDED URBAN RENEWAL

State Budget Account Number: **7004-9102**

Total Amount: **$138,450**

PURPOSE: To meet part of the cost of a local, non-federally approved urban renewal project that did not receive federal assistance under the federally-aided program.

REIMBURSEMENT FORMULA: The Department of Housing and Community Development reimburses one half of the total net project cost. Grants cannot exceed $1 million per year. This program's total funding capacity is $20 million and no new contracts will be allowed in FY99.

URBAN REVITALIZATION DEVELOPMENT GRANTS

State Budget Account Number: **7004-9108**

Total Amount: **$2,441,500**

PURPOSE: To provide funds to municipalities to meet planning and implementation costs related to urban revitalization and development projects. The program assists municipalities in the redevelopment of downtowns, neighborhoods, industrial parks, and commercial areas.

REIMBURSEMENT FORMULA: The Department of Housing and Community Development may advance funds of up to 75 percent of the estimated cost of project development analysis and administration. When executing a project, the municipality must appropriate 100 percent of the necessary funds. The Department of Housing and Community Development will reimburse the municipality over a 20 year period for 50 percent of the net project cost.

Veterans' Benefits	*B-8*

Law Creating/Modifying Program: **Ch. 115, §6**

State Budget Account Number: **1410-0400**

Agency: **Department of Veterans' Services**

Total Amount: **$8,413,276**

PURPOSE: To reimburse municipalities for a portion of authorized amounts spent for veterans' financial, medical, and burial benefits.

REIMBURSEMENT FORMULA: The program reimburses 75 percent of a municipality's costs for veterans' and their dependents' benefits. In an effort to make this program's estimates closer to the actual costs, the Department of Veterans' Services devised a new method of calculating the estimated reimbursements. Reimbursements are now paid in the year after the costs are incurred. As a result, the FY99 Cherry Sheet estimates for this program are based on 6 months of actual authorized expenditures (July 1, 1997 through December 31, 1997) plus a prorated amount for the remaining 6 months of the fiscal year.

ADMINISTRATION: The veterans' agent and the treasurer of each municipality shall certify the names and other information that the Commissioner of Veterans' Services may require within 30 days after the end of the month in which the expenditures were made. The Commissioner then approves and certifies to the Comptroller the amounts to be reimbursed.

PAYMENT SCHEDULE: Quarterly.

Exemptions: Veterans, Blind Persons and Surviving Spouses *B-9*

Law(s) Creating/Modifying Program:	**Ch. 58, §8A, Ch. 59, §5, Clause 17, 17C, 17C½, 17D, 22A, 22B, 22C, 22D, 22E, 22(a-f), 37 & 37A, Ch. 88, Acts of 1997**
State Budget Account Number:	**1233-2000**
Agency:	**Division of Local Services, Department of Revenue**
Total Amount:	**$7,885,380**

PURPOSE: To reimburse municipalities for property tax exemptions granted to qualifying veterans, blind persons, surviving spouses and elderly persons.

REIMBURSEMENT FORMULA: The reimbursement for each type of exemption is specified by statute. Each municipality is reimbursed for each exemption documented in a given fiscal year. The amounts of exemption granted to individuals and the amounts reimbursed to municipalities by statute are as follows:

- Surviving spouses, minor children, elderly persons:
  Clause 17 - $175, full reimbursement
  Clauses 17C, 17C½, 17D - $175, reimbursement cannot exceed the amount reimbursed under Clause 17

- Veterans
  Clause 22(a-f) - $250 exempted, $75 reimbursed
- Paraplegic veterans, surviving spouses:
  Full amount, 100 percent minus $175 reimbursed (§8A)
- Veterans, loss of one arm, foot, or eye:
  Clause 22A - $425 exempted, $250 reimbursed
- Veterans, loss of two arms, two feet, one arm and one leg, or loss of sight:
  Clause 22B - $775 exempted, $600 reimbursed
- Veterans, special adapted housing:
  Clause 22C - $950 exempted, $775 reimbursed
- Veterans, surviving spouses, Quemoy & Matsu only:
  Clause 22D - $250 exempted, $250 reimbursed
- Veterans, 100 percent disability:
  Clause 22E - $600 exempted, $425 reimbursed

- Blind persons:
  Clause 37 - $437.50 exempted, $87.50 reimbursed
  Clause 37A - $500 exempted, $87.50 reimbursed

ADMINISTRATION: The FY98 state budget (Ch. 43, Acts of 1997) increased the funding level for this reimbursement program and Ch. 88, Acts of 1997 increased all Clause 22 property tax exemptions and state reimbursement for exemptions by $75 beginning in FY98. These changes prompted the Division of Local Services to review the reporting requirements and procedures for reimbursing communities. This review resulted in the revision of all forms submitted by local assessors for reimbursement. The Division issued Informational Guideline Release (IGR) Number 97-303 in September 1997. This IGR included procedural changes in reporting of exemptions granted for some clauses as well as copies of the revised forms.

Claims for reimbursement are processed by the Division of Local Services on a periodic basis. Delays in setting a tax rate due to revaluation problems can result in reimbursement claims being submitted late in the current fiscal year or early in the upcoming fiscal year. Since appropriations to reimburse property tax exemptions revert to the state's general fund at the end of August each year, the Division of Local Services cannot process any requests after August 20th. The Division of Local Services certifies to the Comptroller the amounts to be reimbursed.

PAYMENT SCHEDULE: Annually, after filing.

Exemptions: Elderly *B-10*

Law Creating/Modifying Program:	**Ch. 59, §5, Clause 41, 41B & 41C**
State Budget Account Number:	**1233-2310**
Agency:	**Division of Local Services, Department of Revenue**
Total Amount:	**$12,956,990**

PURPOSE: To reimburse municipalities for property tax exemptions granted to qualifying people at least 70 years of age who meet certain "whole estate or total assets," annual income, and residency requirements.

REIMBURSEMENT FORMULA: The number of exemptions granted is multiplied by the statutory reimbursement of $500, subject to appropriation. However, if a municipality has adopted Clause 41B or 41C, the number of exemptions for which it is reimbursed cannot exceed the number reimbursed in the most recent year under Clause 41. In addition, municipalities that have adopted Clause 41B or 41C will be reimbursed for additional costs incurred in determining eligibility of applicants under these clauses in an amount not to exceed two dollars per exemption granted.

The exemption amount for each individual is $500.

ADMINISTRATION: Local Assessors submit Form MDM-1 to the Division of Local Services. This form lists the number of exemptions granted in the prior fiscal year. Municipalities must submit Form MDM-1 by October 1. The Division of Local Services certifies to the Comptroller the amounts to be reimbursed to municipalities.

PAYMENT SCHEDULE: Annually, December.

State-Owned Land *B-11*

Law Creating/Modifying Program: **Ch. 58, §13-17**

State Budget Account Number: **0611-5510**

Agency: **Division of Local Services, Department of Revenue**

Total Amount: **$12,000,000**

PURPOSE: To reimburse communities for forgone tax revenues due to certain types of tax-exempt state-owned land.

REIMBURSEMENT FORMULA: Eligibility for reimbursement depends on land use and the state agency with jurisdiction over the property as specified in the legislation.

Payment is for land only, not for buildings or any other improvements erected on or affixed to the land. Parcels of land that were exempt from property taxation before acquisition by the state are ineligible for reimbursement through this program.

The formula is based on property value and the latest three-year statewide average tax rate. The formula is as follows:

$$\text{Municipality's Aid} = \left[PV * ET * K \right]$$

PV = Estimated property value of eligible State-Owned Land
ET = 3 year statewide average tax rate ($16.68 for FY99)
K = Pro-ration factor

ADMINISTRATION: The FY96 State-Owned Land distribution reflected the re-appraisal of all eligible property. The Bureau of Local Assessment is required to conduct such a re-appraisal every five years. In interim years, such as FY99, the FY96 State-Owned Land valuation for a community is adjusted to reflect transactions such as purchases and sales.

PAYMENT SCHEDULE: Annually, November.

Public Libraries *B-12*

Law Creating/Modifying Program: **Ch. 78, §19A-19B**

State Budget Account Number: **7000-9501**

Agency: **Board of Library Commissioners**

Total Amount: **$6,899,804**

PURPOSE: Public Libraries includes three programs: the Library Incentive Grant (LIG), the Municipal Equalization Grant (MEG) and the Nonresident Circulation Offset (NRC).

The purposes of the LIG are: (1) to encourage municipalities to maintain minimum levels of library services and resources and; (2) to provide an incentive to develop improved services.

The purpose of the MEG is to begin to provide improved library service, resources, and/or facilities in municipalities with relatively less revenue raising capacity by compensating libraries for disparities in municipal funding sources.

The purpose of the NRC is to help offset the costs a public library incurs when it circulates materials to residents of other communities. Originally approved in a 1993 Supplemental Appropriation, the NRC was incorporated into Cherry Sheet estimates in FY95.

DISTRIBUTION FORMULA: This program employs three funding formulas to determine amounts for each municipality. Municipalities complete one application for all three public library programs.

1. The Library Incentive Grant (LIG) is distributed to municipalities as follows:

    a) population under 2,500: an amount equal to the amount appropriated for free public library service in the preceding year; distribution not to exceed $1,250

    b) population of 2,500 or over: up to $.50 per capita, provided that at least $1,250 was appropriated for public library service in the preceding year.

2. The Municipal Equalization Grant (MEG) distributes the balance in the LIG/MEG account according to the lottery formula (See Municipal Cherry Sheet Receipt Item Number B-1), so that municipalities with lower property values receive proportionately more aid than those with greater property values.

3. The Nonresident Circulation Offset (NRC) is distributed annually by the Board of Library Commissioners, based upon each community's share of the total statewide circulated items.

ADMINISTRATION: To qualify for funding, certain requirements must be met and the municipal Library Director must submit an application to the Board of Library Commissioners each year. Requirements include:

- In FY99, the city or town's appropriation to operate the public libraries must be equal to or greater than 102.5 percent of the average of the 3 preceding years' appropriations for free public library service. The Board of Library Commissioners may grant waivers of this requirement to a limited number of municipalities. (Ch. 78 §19A)

- The library must have complied with the minimum standards for free public library service in the preceding year. There are minimum standards in such areas as library director's education, number of hours open, and expenditures for library materials. (Ch. 78 §19B)

- The library must submit annual report data as specified by the Board of Library Commissioners. (Ch. 78 §19B)

The Board of Library Commissioners measures compliance with all requirements before voting to certify or deny applicants for grant payments.

The Board of Library Commissioners certifies to the Comptroller the amount of aid to be provided to each municipality.

PAYMENT SCHEDULE: Once the Board of Library Commissioners certifies a community, the first payment is made in the second through the fourth quarter. This payment includes 100 percent of a municipality's LIG and MEG allocations. In the last quarter of the fiscal year, the remaining state funds (those funds originally allocated for communities that were not certified by the board) are distributed to certified communities according to the MEG and NRC formulas. The majority of the NRC is paid in conjunction with the LIGs and the MEGs second quarter distribution.

Payments must be held in a separate municipal account and shall be expended by the public library without appropriation.

III. Cherry Sheet Assessments

Chapter 59, Section 21 of the Massachusetts General Laws requires the Commissioner of Revenue to provide municipalities and regional school districts with advance estimates of state assessments and charges and county tax assessments. Local assessors are required to use these figures in determining the local property tax rate.

The Cherry Sheet, form CS 1-EC, notifies municipalities of estimated assessments and charges. Regional school districts that participate in either of the two assessment programs, Energy Conservation or Multi-year Repayments, are notified on form CS 2-ER.

Actual assessments will differ from Cherry Sheet estimates for at least five programs, as final data become available to administering agencies subsequent to the issuance of Cherry Sheets.

The "prior year underestimates" and "prior year overestimates" columns on form CS 1-EC provide for local budgetary recognition of deficits and surpluses that are caused when the actual assessments and charges differ from the estimates. Local assessors must use these Cherry Sheet figures in determining the "Total Amount to Be Raised by Taxation" on the Tax Rate Recapitulation Sheet. An overestimate represents a prior fiscal year account surplus which is reflected as an estimated receipt to support the current year's budget; an underestimate represents a prior year account deficit which is reflected as an amount to be raised in the current year's budget.

Under Proposition 2½, the following agencies' or counties' total assessments cannot increase by more than 2½ percent of the prior year's actual assessment: County Tax (A), Mosquito Control Projects (B-5), Air Pollution Districts (B-6), Metropolitan Area Planning Council (B-7), Old Colony Planning Council (B-8), MBTA (C-1), Boston Metropolitan Transit District (C-2), and Regional Transit Authorities (C-3). However, the administering agencies or authorities can increase their total assessments by more than 2½ percent if they can demonstrate to the Division of Local Services that the increase is due to the provision of new services.

PAYMENT OF CHERRY SHEET ASSESSMENTS

County Assessments (A) are paid directly by the municipality to the county government. However, in FY99, former Hampden, Middlesex and Worcester County municipalities will have their assessments deducted from their quarterly local aid distributions.

At the beginning of each fiscal year, the State Treasurer requests actual figures or updated estimates from agencies for State Assessments and Charges (B-1 through B-9) and Transportation Authorities (C-1 through C-3). These estimates may differ from Cherry Sheet figures if better information has become available since the issuance of the Cherry Sheet. When final assessments are determined, adjustments are made to assessments in the last three quarterly local aid distributions. For State Assessments and Charges and Transportation

Cherry Sheet Assessments/Charges

Authorities, agencies certify assessments directly to the State Treasurer to be deducted from distributions.

For Annual Charges Against Receipts (D-1 through D-4), agencies certify charges to the Division of Local Services, which notifies the State Treasurer when it certifies the amounts of the local aid distribution.

Agencies and authorities certify actual assessments to the State Treasurer, Local Services deducts a quarter of each assessment from the local aid distributions. One quarter of each of the following assessments will be deducted from each municipality's quarterly local aid distribution:

State Assessments and Charges (B-1 through B-9)
Transportation Authorities (C-1 through C-3)

In addition, one entire item from Annual Charges Against Receipts will be deducted from each municipality's quarterly distribution as follows:

1st quarter:	Multi-Year Repayment Programs (D-1)
2nd quarter:	Energy Conservation (D-3)
3rd quarter:	STRAP Repayments (D-4)
4th quarter:	Special Education (D-2)

County Tax	*A*

Law Creating/Modifying Program: **Ch. 35, §§30 & 31, Ch. 43, Acts of 1997**

Agency: **Division of Local Services, Department of Revenue**

Total Amount: **$22,761,259**

PURPOSE: To assess municipalities for the cost of county government and county services, or to reimburse the state for the assumption of the costs of abolished counties (Middlesex, Hampden and Worcester).

ASSESSMENT FORMULA: For FY99, each county's total tax assessment is allowed to increase only by 2½ percent over the prior year's actual total tax assessment.

Each county government's assessment is apportioned among its member municipalities in proportion to each municipality's Equalized Valuation as a share of the total county Equalized Valuation.

Assessments in abolished counties are set at the amounts levied in the year prior to the transfer of county functions to the state.

For Barnstable county only, a charge for the Cape Cod Commission is added to the total assessment.

ADMINISTRATION: Local treasurers are assessed directly by the County Commissioners, who are responsible for determining the assessments. In FY99, assessment to municipalities in abolished counties will be deducted from their quarterly local aid distributions.

ASSESSMENT SCHEDULE: Semiannual, November and May. Quarterly for municipalities in abolished counties.

Supervision of Retirement Systems	*B-1*

Law(s) Creating/Modifying Program: **Ch. 32, §21 (2)**

Agency: **Public Employee Retirement Administration Commission (PERAC)**

Total Amount: **$0**

Chapter 306, section 1(d) of the acts of 1996 requires the Public Employee Retirement Administration Commission to fund the cost of supervision of retirement systems from the Commission's annual budget.

Motor Vehicle Excise	*B-2*

Law(s) Creating/Modifying Program: **Ch. 727, Acts of 1962**

Agency: **Registry of Motor Vehicles**

Amount: **$31,203**

PURPOSE: To reimburse the state for a portion of the costs incurred by the Registry of Motor Vehicles in the preparation of annual Motor Vehicle Excise tax bills. Charges are not assessed to municipalities that print their own bills.

CHARGE FORMULA: Each municipality is assessed a charge of $.15 per tax bill printed by the Registry on behalf of the municipality. Municipalities are credited for incorrectly printed bills. FY99 charges reflect the bills printed by the Registry during Calendar 1997.

ADMINISTRATION: Each municipality's charge is determined by the Division of Local Services upon certification by the Registry of Motor Vehicles.

ASSESSMENT SCHEDULE: Quarterly.

Retired Employees' Health Insurance	*B-3*

Law(s) Creating/Modifying Program: **Ch. 32A, §10B (c)**

Agency: **Group Insurance Commission**

Total Amount: **$1,367,861**

PURPOSE: To reimburse the state for the costs of providing a health insurance plan for governmental retirees who were pensioned prior to the implementation of Chapter 32B by their local governmental unit. Chapter 32B enabled municipalities to establish a mechanism for group insurance for retirees.

ASSESSMENT FORMULA: Each participating municipality is assessed for the governmental share of health insurance premiums paid on behalf of its retirees by the state. The state pays 90 percent of the total premium; the retiree's copayment is 10 percent of the total premium as well as full payment for catastrophic illness coverage. A proportionate share of administrative expenses is also assessed to each municipality.

ADMINISTRATION: The Group Insurance Commission pays health and life insurance premiums on behalf of local government retirees. Local governments are assessed for the payments made on behalf of their retirees. A retiree's copayment is subtracted from his or her pension payment.

ASSESSMENT SCHEDULE: Quarterly.

Retired Teachers' Health Insurance *B-4*

Law(s) Creating/Modifying Program: **Ch. 32A, §12**

Agency: **Group Insurance Commission**

Total Amount: **$20,925,731**

PURPOSE: To reimburse the state for the costs of providing a life and health insurance plan for retired municipal teachers.

ASSESSMENT FORMULA: Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state. The state pays 90 percent of the total premium; the retiree's copayment is 10 percent of the total premium as well as full payment for catastrophic illness coverage. A proportionate share of administrative expenses is also assessed to each municipality.

ADMINISTRATION: The Group Insurance Commission pays health and life insurance premiums on behalf of local teacher retirees. Local governments are assessed for the payments made on behalf of their teacher retirees. A retiree's copayment is subtracted from his or her pension payment.

ASSESSMENT SCHEDULE: Quarterly.

Mosquito Control Projects	*B-5*

Law(s) Creating/Modifying Program: **Ch. 252, §5A, Ch. 2, §41, Acts of 1986**

Agency: **State Reclamation Board**

Total Amount: **$4,594,165**

PURPOSE: To assess municipalities for the costs of mosquito control services.

ASSESSMENT FORMULA: There are eight mosquito control districts whose costs are apportioned to member municipalities on the Cherry Sheet. Each district is also allocated a proportional share of expenses for the State Reclamation Board that administers these programs. Each district relies on a separate formula to apportion its assessment to its member municipalities. All formulas are based on Equalized Valuation; five of the districts' formulas also use land area as a component.

ADMINISTRATION: The State Reclamation Board determines total project assessments and the share of assessments to be paid by member municipalities. Assessments also include each member municipality's share of the Reclamation Board's administrative costs for the program.

ASSESSMENT SCHEDULE: Quarterly.

Air Pollution Districts *B-6*

Law(s) Creating/Modifying Program: **Ch. 111, §§142B & 142C, Ch. 676, §1, Acts of 1960**

Agency: **Department of Environmental Protection**

Amount: **$1,437,532**

PURPOSE: To assess municipalities for a portion of the costs incurred by the Department of Environmental Protection in monitoring air pollution levels and enforcing air quality standards at industrial, commercial, and institutional facilities.

ASSESSMENT FORMULA: Each municipality's assessment is determined through the following formula which is based on relative population and Equalized Valuation:

$$\text{Municipality's Assessment} = \left[\left[\frac{P_m}{P_s} * .50 \right] + \left[\frac{E_m}{E_s} * .50 \right] \right] * A_s$$

P_m = Population of the municipality
P_s = Population of the state
E_m = Equalized Valuation of the municipality
E_s = Equalized Valuation of the state
A_s = Total state assessment

ADMINISTRATION: The total assessment cannot increase by more than 2½ percent of the prior year's actual assessment. The Department of Environmental Protection determines the total amount of the assessment and calculates each municipality's assessment by using the formula indicated.

ASSESSMENT SCHEDULE: Quarterly.

Metropolitan Area Planning Council *B-7*

Law(s) Creating/Modifying Program: **Ch. 40B, §§26 & 29, Ch. 476, Acts of 1974**

Agency: **Metropolitan Area Planning Council**

Amount: **$702,895**

PURPOSE: To assess municipalities in order to finance a Metropolitan Boston area planning district to promote urban planning and respond to the common urban problems of Boston and outlying municipalities.

ASSESSMENT FORMULA: Each municipality's assessment is determined through the following formula which is based on population (net of all inmates of correctional institutions).

$$\text{Municipality's Assessment} = \left[\frac{P_m}{P_d}\right] * A_d$$

P_m = Population of the municipality
P_d = Population of the district
A_d = Total Metropolitan Area Planning Council assessment

ADMINISTRATION: The total assessment cannot increase by more than 2½ percent of the prior year's actual assessment. The Metropolitan Area Planning Council calculates each municipality's assessment by using the formula indicated.

ASSESSMENT SCHEDULE: Quarterly.

Old Colony Planning Council *B-8*

Law(s) Creating/Modifying Program: **Ch. 332, Acts of 1967**

Agency: **Old Colony Planning Council**

Amount: **$77,990**

PURPOSE: To assess municipalities in order to finance a regional planning body for the Brockton Metropolitan area to promote social and economic improvement.

ASSESSMENT FORMULA: Each municipality's assessment is determined through the following formula which is based on population:

$$\text{Municipality's Assessment} = \left[\frac{P_m}{P_d}\right] * A_d$$

P_d = Population of the district
P_m = Population of the municipality
A_d = Total Old Colony Planning Council assessment

ADMINISTRATION: The total assessment cannot increase by more than 2½ percent of the prior year's actual assessment. The Old Colony Planning Council calculates each municipality's assessment by using the formula described above.

ASSESSMENT SCHEDULE: Quarterly.

RMV Non-Renewal Surcharge *B-9*

Law(s) Creating/Modifying Program: **Ch. 90, §§20, 20½, 22B, Ch. 60A, §2A, Ch. 233, S.92, Acts of 1983 Ch. 653, Acts of 1989, Ch. 133, Acts of 1992**

Agency: **Registry of Motor Vehicles**

Amount: **$10,923,080**

(The RMV Non-Renewal Surcharge always appears in Column 2 - Prior Year Underestimates to be Raised)

PURPOSE: To reimburse the Registry of Motor Vehicles for "marking" a license or registration for non-renewal due to:

1. non-payment of parking violations
2. non-payment of motor vehicle excise
3. non-payment of abandoned vehicle costs

CHARGE FORMULA: The Registry of Motor Vehicles charges each participating municipality $20 for each "mark" of a license for non-renewal. The FY99 actual assessments are based upon non-renewal obligations cleared in FY98. The obligations cleared in FY98 may be for "markings" from several fiscal years.

ADMINISTRATION: The municipality collects a $20 surcharge per violation for non-payment of excise from individual violators. This surcharge enables the municipality to offset the $20 charge per "marking" assessed by the Registry of Motor Vehicles. Because of the difficulty in estimating an upcoming year's surcharges, the Cherry Sheet estimate is always zero. Actual assessments appear as underestimates on the subsequent year's Cherry Sheet.

ASSESSMENT SCHEDULE: Quarterly.

Massachusetts Bay Transportation Authority (MBTA) *C-1*

Law(s) Creating/Modifying Program:	**Ch. 161A, §8&9, Ch. 825, §6&7, Acts of 1974**
Agency:	**Massachusetts Bay Transportation Authority (MBTA)**
Total Amount:	**$141,028,033**

PURPOSE: To assess municipalities for the regional public transit system in the Metropolitan Boston area.

ASSESSMENT FORMULA: The MBTA is composed of 78 municipalities: the 14 original member municipalities of the Metropolitan Transit Authority (MTA) and 64 additional municipalities.

MBTA municipalities are assessed for the net cost of MBTA service. The net cost of service is the difference between annual income received and annual expenses incurred by the MBTA.

The MBTA operates 2 types of service: Express and Local. Express service is defined as all mass transportation services provided over controlled rights-of-way, such as rapid transit and commuter rail service. Local service is defined as all mass transportation services other than express service, such as buses, trackless trolleys and light rail vehicles operating on local streets. Each type of service has its own assessment formula; the combined net assessment for each municipality is what appears on the Cherry Sheet.

The Express Service portion of the MBTA assessment is calculated in two parts. 75 percent is allocated among all 78 members based on the proportion of commuters living in each municipality compared to the total number of commuters living within the MBTA district. 25 percent is allocated among those member municipalities that have one or more express service stations that existed before July 1, 1973. This cost is distributed based on the proportion of people boarding at these express stations within each municipality compared to the total number of people boarding at these express stations.

The Local Service portion of the MBTA assessment is calculated on a regional basis. One region is made up of the 14 original members of the MTA. The other region has the 64 cities and towns that joined the MBTA after its creation in 1964. The basis of the Local Service assessment is the "net loss" calculation for routes that operate within a municipality. The net loss is calculated as the difference between revenues from a route within a municipality and the cost of providing services for that route in the municipality.

From these municipal net losses an aggregate net loss for the region is determined. The aggregate cost for each region is then allocated back to the individual municipalities. Fifty percent of the local cost is allocated based on the proportion of the population in each municipality compared to the total population for the region. The other 50 percent is allocated based on the proportion of the net loss on all routes within the region.

In addition, the original 14 members of the MTA (see description of the Boston Metropolitan Transit District on page 57) are assessed a proportionate share of the remaining debt service of the MTA.

ADMINISTRATION: The total annual MBTA assessment cannot increase by more than 2½ percent of the prior year's actual assessment unless new or expanded service has been documented. The MBTA is required by law to notify the Treasurer in its Statement of Facts of the amount of the Net Assessable Cost of Service to be assessed to the municipalities within the district. The Statement of Facts is the official document for assessment purposes and is formally approved and certified by the MBTA Board of Directors.

An assessment for a given fiscal year is based on the net cost of service for the calendar year that ended six months prior to the beginning of that fiscal year. FY99 assessments are thus based on the net cost of service from January through December 1997.

ASSESSMENT SCHEDULE: Quarterly.

Boston Metropolitan Transit District	*C-2*

Law(s) Creating/Modifying Program:	**Ch. 383, §12, Acts of 1929, Ch. 535, Acts of 1954**
Agency:	**Boston Metropolitan District Commission**
Total Amount:	**$25,000**

PURPOSE: To assess municipalities for the administrative costs and charges incurred by the Boston Metropolitan Transit District, also known as the Metropolitan Transit Authority (MTA).

ASSESSMENT FORMULA: As the predecessor to the MBTA, the Boston Metropolitan District was made up of the 14 municipalities: Arlington, Belmont, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Medford, Milton, Newton, Revere, Somerville, and Watertown.

The assessment pays for administrative costs and charges incurred by the District. The total assessment is assessed to member municipalities in proportion to their share of the District's total Equalized Valuation.

ADMINISTRATION: The total assessment cannot increase by more than 2½ percent of the prior year's actual assessment. The District is no longer active; it exists only to administer outstanding debt issued prior to the formation of the MBTA. The MBTA pays for the District's debt service costs. When the debt is retired in FY2025, the District will cease to exist, and the District assessment will no longer be a Cherry Sheet assessment item.

ASSESSMENT SCHEDULE: Quarterly.

Regional Transit Authorities *C-3*

Law(s) Creating/Modifying Program: **Ch. 161B, §§9, 10, & 23, Ch. 1141, Acts of 1973**

Agency: **Division of Local Services, Department of Revenue, Executive Office of Transportation and Construction**

Total Amount: **$15,120,144**

PURPOSE: To assess municipalities in order to provide for a system of regional transportation authorities to develop, finance, and contract for the operation of transportation facilities and service outside the Metropolitan Boston area.

ASSESSMENT FORMULA: Between 25 percent and 50 percent of the total net cost of service of each regional transit authority is assessed to its member municipalities in proportion to the estimated cost of operating routes through those municipalities. A net operating deficit for each regional transit authority is calculated as the difference between the revenue sources (fares, advertisements and federal assistance) and the operating costs. This deficit is funded through assessments to member municipalities and state contract assistance.

ADMINISTRATION: The total assessment of each regional transit authority cannot exceed 2½ percent of the prior year's assessment unless expanded service is documented and the increase is approved by the Division of Local Services and the Executive Office of Transportation and Construction. Assessments represent the local share of the net cost of service for the previous fiscal year. Thus, FY99 assessments are based on FY98 costs.

ASSESSMENT SCHEDULE: Quarterly.

Multi-Year Repayment Program *D-1*

Law(s) Creating/Modifying Program:	**Ch. 147, Acts of 1986, Ch. 139, Acts of 1988, Ch. 58 §20A**
Agency:	**Division of Local Services, Department of Revenue**
Total Amount:	**$768,228**
All Municipal:	**$676,630**
All Regional:	**$ 91,598**

PURPOSE: To reimburse the state for (1) loans made to municipalities and (2) overpayment of School Building Assistance Grants.

CHARGE FORMULA: The amount and number of repayments are fixed in legislation or through agreements between state agencies and the municipality.

ADMINISTRATION: Repayments are certified to the Treasurer by the Division of Local Services.

ASSESSMENT SCHEDULE: Repayments will be deducted from the first quarterly local aid distribution.

Special Education Assessment	*D-2*

Law(s) Creating/Modifying Program: **Ch. 71B, §10 & 12, Ch. 766, Acts of 1972**

Agency: **Department of Education**

Total Amount: **$2,582,767**

PURPOSE: To partially reimburse the state for providing special needs education to children enrolled in state hospital schools.

CHARGE FORMULA: The cost that each municipality is charged is the average per pupil cost of education within the school district multiplied by the Full Time Equivalent of resident pupils served by the state. FY99 charges are for pupils served in the 1997-1998 school year.

ADMINISTRATION: The Department of Education determines a per pupil cost for each school system based on enrollments and costs in the prior school year. The Department of Education certifies charges to the Division of Local Services.

ASSESSMENT SCHEDULE: Charges will be deducted from the fourth quarter local aid distribution.

Energy Conservation Grants Repayment	*(Municipal) D-3* *(Regional) A-8A*

Law(s) Creating/Modifying Program: **Ch. 700, Acts of 1983**

Agency: **Division of Local Services, Department of Revenue, Division of Energy Resources, Executive Office of Consumer Affairs and Business Regulation**

Total Amount: **$25,809**
All Municipal: **$25,809**
All Regional: **$ 0**

PURPOSE: To reimburse the state for a portion of grants made to encourage municipalities and regional school districts to implement energy conservation programs in public buildings.

ASSESSMENT FORMULA: The state finances 100 percent of the cost of these energy conservation programs, making payments once the grant is approved by the Division of Energy Resources. Participating municipalities and regional school districts must repay 30 percent of the total amount advanced by the state over an agreed upon period. Annual payments are fixed when the grant is approved and no interest is charged.

ADMINISTRATION: Municipalities and regional school districts apply to the Division of Energy Resources for these grants. The 30 percent repayment must be paid within ten years of the date of the agreement. Repayments do not begin until the second fiscal year after grant approval. The Division of Energy Resources certifies the assessments to the Division of Local Services.

ASSESSMENT SCHEDULE: Repayments will be deducted from the second quarter local aid distribution.

Small Town Road Assistance Program Repayments (STRAP) *D-4*

Law(s) Creating/Modifying Program:	**Ch. 637, §32, Acts of 1983, Ch. 811, Acts of 1985, Ch. 15, Acts of 1988**
Agency:	**Massachusetts Highway Department**
Total Amount:	**$0**

PURPOSE: To reimburse the state for a portion of road assistance program grants made to municipalities with populations of fewer than 2,500 for capital construction projects promoting public safety and economic development.

CHARGE FORMULA: The state finances 100 percent of the cost of these road assistance programs in advance. Participating municipalities must repay 30 percent of the total state grant over a ten year period. Grants cannot exceed $200,000. Payments are fixed at the time the grant agreement is finalized and no interest is charged.

ADMINISTRATION: Municipalities must apply to the Massachusetts Highway Department. Selection of grant recipients is based upon the urgency of each project for public safety purposes and the importance to local economic development. The 30 percent repayment must be within ten years of the date of the agreement. The Massachusetts Highway Department certifies the charges to the Division of Local Services.

ASSESSMENT SCHEDULE: Repayments will be deducted from the third quarter local aid distribution.

IV. Cherry Sheet Payment Schedule

Each year after the Cherry Sheets are released the Division of Local Services issues an Information Guideline Release (IGR) which provides municipal officials with information on the dates they can expect payments through each Cherry Sheet program. It also describes when assessments will be deducted from local aid distributions. This IGR can be found on the following pages.

Massachusetts Department of Revenue *Division of Local Services*
Mitchell Adams, Commissioner Joseph J. Chessey, Jr., Deputy Commissioner

Informational Guideline Release

Municipal Data Management and Technical Assistance Bureau
Informational Guideline Release (IGR) No. 98-302
September 1998

FISCAL YEAR 1999

PAYMENT SCHEDULE FOR CHERRY SHEET PROGRAMS

This Informational Guideline Release provides municipal and regional school officials with information on the FY99 payment schedule for Cherry Sheet programs.

If you need any additional information, please call Lisa Juszkiewicz of the Municipal Data Management and Technical Assistance Bureau at (617) 626-2386.

Topical Index Key:
Cash Management
Local Aid

Distribution:
Accountants/Auditors
Municipal/Regional School Treasurers
Regional School Business Managers

The Division of Local Services is responsible for oversight of and assistance to cities and towns in achieving equitable property taxation and efficient fiscal management. The Division regularly publishes IGRs (Informational Guideline Releases detailing legal and administrative procedures) and the Bulletin (announcements and useful information) for local officials and others interested in municipal finance.

Post Office Box 9655, Boston, MA 02114-9655, Tel: 617-626-2300; Fax: 617-626-2330 http://www.state.ma.us/dls

Informational Guideline Release (IGR) 98-302
September 1998

FISCAL YEAR 1999

PAYMENT SCHEDULE FOR CHERRY SHEET PROGRAMS

This guideline provides municipal and regional school officials with information on the dates they can expect payments for Fiscal Year 1999 Cherry Sheet programs. In addition, this guideline explains how assessments will be deducted from local aid distributions. This information will be useful in cash flow analysis.

Municipal and regional school officials should note that School Choice and Charter School tuition assessments will be deducted from the December, March and June quarterly local aid distributions. In addition, municipal officials should note that Criminal Justice Training Council (CJTC) assessments will be deducted from quarterly local aid distributions. These three assessments are in addition to the Cherry Sheet assessments deducted quarterly as described on page two of this IGR.

Additional information or specific reporting requirements regarding Cherry Sheet programs will be available in the soon to be released ***FY99 Cherry Sheet Manual.***

Municipal Data Management/
Technical Assistance Bureau

Frederick Kingsley, Chief

FY99 Cherry Sheet Programs Payment Schedule

Receipts

Program	Timing of Payments
Chapter 70	Quarterly
School Transportation	Annually, 4th Quarter
School Construction	Annually
Retired Teachers' Pensions	Annually, September
Tuition of State Wards	Annually, 4th Quarter
Racial Imbalance	Quarterly, on request
Magnet Education Improvement	Quarterly, on request
Equal Education Improvement	Quarterly, on request
School Lunch	Monthly
Lottery	Quarterly
Additional Assistance	Quarterly
Highway Fund	Quarterly
Local Share of Racing Taxes	Quarterly
Regional Public Libraries	Monthly or Quarterly
Police Career Incentive	Annually, January
Federally Aided Urban Renewal	Semiannually, December & June
Non-Federally Aided Urban Renewal	Semiannually, December & June
Urban Revitalization	Semiannually, December & June
Veterans' Benefits	Quarterly
Exemptions: Veterans, Blind Persons & Surviving Spouses	Annually, after filing
Elderly Exemptions	Annually, December
State-Owned Land	Annually, November
Public Libraries	Annually or Semiannually

Assessments

For cities and towns, cherry sheet assessments (Form C.S. 1-EC) will automatically be deducted from quarterly local aid distributions. One quarter (¼) of the State Assessments and Charges, and Transportation Authorities programs (Lines B-1 through C-3) will be deducted from a community's quarterly local aid distribution:

In addition, one item from Annual Charges Against Receipts will be deducted from a community's quarterly local aid distribution as follows:

1st quarter: Multi Year Repayment Program (Line D-1)
2nd quarter: Energy Conservation (Line D-3)
3rd quarter: STRAP Repayments (Line D-4)
4th quarter: Special Education (Line D-2)

County assessments (Line A) are paid directly to the county by the city or town. However, communities in the former Middlesex, Hampden and Worcester counties will have their assessments deducted from their quarterly local aid distributions.

For regional school districts, cherry sheet charges (Form C.S. 2-ER, Lines 8A and 9A) will be deducted from quarterly local aid distributions as follows:

1st quarter: Multi Year Repayment Program (Line 9A)
2nd quarter: Energy Conservation (Line 8A)

V. Cherry Sheet Resources

This section is a directory of available reports and resource materials related to the Cherry Sheet. Please contact the Division of Local Services' (DLS) Local Aid Section to request any of the resources listed below.

Electronic Access

Individual Cherry Sheet files and spreadsheets containing information for every municipality and regional school district, can be obtained from the DLS home page on the World Wide Web.

DLS Home Page: **http://www.state.ma.us/dls**

Contact Burt Lewis of the Municipal Data Bank if you need assistance in accessing Web files at (617) 626-2358.

Reports Comparing All Communities or Sets of Communities

Cherry Sheet Booklet: Gives estimates for all cities, towns and regional districts, by program, for both receipts and assessments.

Trends in Net State Aid: Shows each municipality's total Cherry Sheet receipts, assessments and the net amount of aid, for each year since FY81.

Reports for Individual Communities

Cherry Sheet Printout: Provides a computer printout of estimated Cherry Sheet receipts and/or assessments for FY99 or prior years.

State Aid Trends: Provides a multi-year look, by program, at a community's Cherry Sheet estimated receipts.

Any questions regarding Cherry Sheet programs or data should be directed to Rick Kingsley, Chief of Municipal Data Management and Technical Assistance Bureau, at (617) 626-2376 or Lisa Juszkiewicz, Local Aid Section, at (617) 626-2386.

VI. Samples of the Cherry Sheet

In an effort to assist those who may not be familiar with the actual Cherry Sheet forms, we have included sample copies of each of the three Cherry Sheet notifications in this manual. The actual Cherry Sheet consists of the following:

Form CS 1-ER is the official notification of the estimated receipts to be paid to each municipality by the state during the next fiscal year.

Form CS 2-ER is the official notification of the estimated receipts and the one charge for Regional School Districts. This form is sent to the superintendent of each regional school. Copies are sent to each member municipality.

Form CS 1-EC is the official notification of the estimated assessments and charges for the next fiscal year that each municipality must pay for services performed by the state, counties or certain regional districts.

C.S. 1-ER Commonwealth of Massachusetts Department of Revenue FY99

NOTICE TO ASSESSORS OF ESTIMATED RECEIPTS
TO BE USED IN DETERMINING THE TAX LEVY
General Laws, Chapter 58, Section 25A, and Chapter 59, Section 23

ALL MUNICIPALITIES

A. EDUCATION

Distributions and Reimbursements:

1. Chapter 70	2,136,158,740
2. School Transportation Programs *Chs. 71, 71A, 71B and 74*	55,602,603
3. School Construction *1948, Ch. 645; 1976, Ch. 511*	205,228,601
4. Retired Teachers' Pensions *Ch. 32, s. 20 (2) (c)*	35,000,000
5. Tuition of State Wards *Ch. 76, ss. 7,9; Ch. 74, s. 7A; Ch. 71, s. 71f*	13,900,098

Offset Items - Reserve for Direct Expenditure:

6. Racial Equality *Chs. 76, s. 12A, 71, ss. 37 I,J, 15, s. 1I*	23,487,381
7. School Lunch *1970, Ch. 871*	4,425,908
Sub-Total, All Education Items	2,473,803,331

B. GENERAL GOVERNMENT:

Distributions and Reimbursements:

1. Lottery, Beano & Charity Games	597,453,642
2. Additional Assistance	476,315,282
3. Highway Fund *Ch. 81, s. 31; 1980, Ch. 577, s. 8*	43,472,110
4. Local Share of Racing Taxes *1981, Ch. 558*	1,485,252
5. Regional Public Libraries *Ch. 78, s. 19C*	9,669,622
6. Police Career Incentive *Ch. 41, s. 108L*	20,460,923
7. Urban Renewal Projects *Ch. 121, ss. 53-57*	2,675,904
8. Veterans' Benefits *Ch. 115, s. 6*	8,413,276
9. Exemptions: Vets, Blind & Surviving Spouse *Ch. 58, s. 8A; Ch. 59 s. 5*	7,885,380
10. Exemptions: Elderly *Ch. 59, s. 5, Cl. 41, 41B, 41C*	12,956,990
11. State Owned Land *Ch. 58, ss. 13-17*	12,000,000

Offset Item - Reserve for Direct Expenditure:

12. Public Libraries *Ch. 78, s. 19A*	6,899,804
Sub-Total, All General Government	1,199,688,185

C. TOTAL ESTIMATED RECEIPTS, FISCAL 1999 3,673,491,516

C.S. 2-ER Commonwealth of Massachusetts Department of Revenue **FY99**

NOTICE TO REGIONAL SCHOOL DISTRICTS
OF ESTIMATED RECEIPTS
General Laws, Chapter 58, Section 25A, and Chapter 59, Section 23

ALL REGIONS

A. EDUCATION

Distributions and Reimbursements:

1. Chapter 70	429,975,276
2. School Transportation Programs *Chs. 71, 71A, 71B and 74*	2,100,693
3. School Construction *1948, Ch. 645; 1976, Ch. 511*	29,343,723
4. Regional School Transportation *Ch. 71, s. 16C*	33,884,462
5. Tuition of State Wards *Ch. 76, ss. 7,9; Ch. 74, s. 7A; Ch. 71, s. 71f*	3,182,882

Offset Items - Reserve for Direct Expenditure:

6. Racial Equality *Ch. 76, s. 12A*	910,842
7. School Lunch *1970, Ch. 871*	700,922
Total Estimated Receipts, Fiscal 1998	500,098,800

Estimated Charges:

8A. Energy Conservation *1983, Ch. 700*	
9A. Multi-Year Repayments	-91,598
10A. Special Education, *Ch. 71B, ss. 10, 12*	-170,542

B. TOTAL ESTIMATED RECEIPTS, NET OF ESTIMATED CHARGES FISCAL 1999 499,836,660

C.S. 1-EC Commonwealth of Massachusetts Department of Revenue **FY99**

NOTICE TO ASSESSORS OF ESTIMATED CHARGES
TO BE USED IN DETERMINING THE TAX LEVY
General Laws, Chapter 59, Section 21

ALL MUNICIPALITIES

The following State and County Assessments, as estimated, and the underestimates from the prior year, must be used by the Assessors in determining the "Total Amount To Be Raised By Taxation." Overestimates from the prior year must be listed by the Assessors as "Estimated Receipts - State."	Column 1 Estimates To Be Raised	Column 2 PRIOR YEAR Underestimates To Be Raised	Column 3 PRIOR YEAR Overestimates To Be Used As Estimated Receipts - State
A. County Assessment, County Tax *Ch. 35, ss. 30, 31*	22,761,259	16,225	747
B. STATE ASSESSMENTS AND CHARGES:			
1. Supervision of Retirement Systems *Ch. 32, s. 21*			
2. Motor Vehicle Excises *1962, Ch. 727*	31,203		
3. Retired Employees Health Insurance *Ch. 32A, s. 10B*	1,367,861		
4. Retired Teachers Health Insurance *Ch. 32A, s. 12*	20,925,731		
5. Mosquito Control Projects *Ch. 252, s. 5A*	4,594,165	74,618	82,875
6. Air Pollution Districts *Ch. 111, ss. 142B, 142C*	1,437,532		
7. Metropolitan Area Planning Council *Ch. 40B, ss. 26, 29*	702,895		
8. Old Colony Planning Council *1967, Ch. 332*	77,990		
9. RMV Non-Renewal Surcharge *Ch. 90; Ch. 60A*		10,923,080	
Sub-Total, State Assessments	29,137,377	10,997,698	82,875
C. TRANSPORTATION AUTHORITIES:			
1. MBTA *Ch. 161A, ss. 8-9;1974, Ch. 825, ss. 6-7*	141,028,033		
2. Boston Metro. Transit District *1929, Ch. 383; 1954, Ch. 535*	25,000		
3. Regional Transit *Ch. 161B, ss. 9, 10, 23; 1973, Ch. 1141*	15,120,144	264,752	237,033
Sub-Total, Transportation Assessments	156,173,177	264,752	237,033
D. ANNUAL CHARGES AGAINST RECEIPTS:			
1. Multi-Year Repayments	676,630		
2. Special Education *Ch. 71B, ss. 10, 12*	2,582,767	404,340	389,249
3. Energy Conservation *1983, Ch. 700*	25,809		
4. STRAP Repayments *1983, Ch. 637, s. 32*			
Sub-Total, Charges against Receipts	3,285,206	404,340	389,249
E. TOTAL ESTIMATED CHARGES, FISCAL 1999	211,357,019	11,683,015	709,904

F. NET CHARGES, FISCAL 1999 (Column 1 + Column 2 - Column 3) **222,330,130**